

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT****Division of Housing Policy Development**

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February 25, 2005

Ms. Patricia Temple  
Director of Planning  
City of Newport Beach  
3300 Newport Beach Boulevard  
Newport Beach, CA 92658-8915

Dear Ms. Temple:

**RE: Review of Draft Amendments to the City of Newport Beach's Adopted Housing Element**

Thank you for submitting proposed amendments to the City's housing element, received for review on December 27, 2004. As you know, the Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). A series of telephone calls and e-mail exchanges with Mr. Jaime Murillo, Assistant Planner, facilitated the review.

The Department's September 15, 2003 review found the City's adopted housing element in conditional compliance with State housing element law (Article 10.6 of the Government Code). The amendments include, among other things, clarifying and correcting references to household income levels and municipal code sections. The City's housing element will remain in compliance with State housing element law (Article 10.6 of the Government Code) upon adoption of the draft amendments and submittal to the Department for review (pursuant to Government Code Section 65585(g)). The Department would, however, recommend the City remain diligent in monitoring and report on the status of its housing program actions, as required by Government Code Section 65400. The City should focus its reporting efforts on its inclusionary housing program (Program 2.2.1) by tracking and evaluating how the affordability provisions described in the program impact the overall cost and supply of housing.

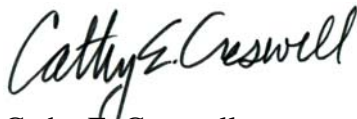
As you know, the Department's September 15, 2004 finding of compliance was contingent on the City effectively implementing its multifamily development and rezone strategies (i.e., within one year of housing element certification), as described in Programs 3.2.2 and 3.2.3. While the Department commends the City for submitting an annual progress report, received by the Department on October 18, 2004, additional information is needed to determine whether the City has met the conditions described in the September review. According to Mr. Murillo, the Bayview Landing project is now under construction (Program 3.2.2), however, efforts to redesignate the Avocado/MacArthur site (to higher density) are on hold at the applicant's request (Program 3.2.3). The 45.2 acre Banning Ranch site was identified as the third site in the City's land inventory as being suitable and available for high density development.

As indicated in the Department's September review, the entire Banning Ranch site need not be made available for development within the planning period for the City to accommodate its regional share need. However, some portion of the site must be made available to accommodate the development of housing that is affordable to lower-income households and the local workforce (to accommodate a minimum of 58 units). Within 15 days from the date of this letter, the City should provide the Department with a report detailing how the City is meeting its obligation under the finding of conditional compliance, including the status of the approval process for the Avocado/MacArthur site, along with a description of the steps the City is taking to make a portion of the Banning Ranch site available for residential development. The status report should include updated implementation timelines as applicable.

Thank you for the opportunity to review the proposed amendments, and hope our comments are helpful. If you have any questions or concerns, please contact Don Thomas, of our staff, at (916) 445-5854.

In accordance with their requests pursuant to the Public Records Act, we are forwarding a copy of this letter to the individuals listed below.

Sincerely,



Cathy E. Creswell  
Deputy Director

cc: Jaime Murillo, Assistant Planner City of Newport Beach  
Mark Stivers, Senate Committee on Transportation & Housing  
Suzanne Ambrose, Supervising Deputy Attorney General, AG's Office  
Terry Roberts, Governor's Office of Planning and Research  
Nick Cammarota, California Building Industry Association  
Marcia Salkin, California Association of Realtors  
Marc Brown, California Rural Legal Assistance Foundation  
Rob Weiner, California Coalition for Rural Housing  
John Douglas, AICP, Civic Solutions  
Deanna Kitamura, Western Center on Law and Poverty  
S. Lynn Martinez, Western Center on Law and Poverty  
Alexander Abbe, Law Firm of Richards, Watson & Gershon  
Michael G. Colantuono, Colantuono, Levin & Rozell, APC  
Ilene J. Jacobs, California Rural Legal Assistance, Inc.  
Richard Marcantonio, Public Advocates  
Veronica Tam, Cotton, Bridges and Associates  
David Booher, California Housing Council  
Jonathan Lehrer-Graiwer, Attorney at Law  
Ana Marie Whitaker, California State University Pomona  
Joe Carreras, Southern California Association of Governments  
Won Chang, Attorney at Law, Davis and Company  
Jacob Lieb, Southern California Association of Governments

Karen Warner, Karen Warner Associates  
Lynne Fishel, Building Industry Association  
Ralph Kennedy, Orange County Housing Coalition  
Crystal Simms, Legal Aid Society of Orange County  
Jean Forbath, Orange County Human Relations  
Kenneth W. Babcock, Public Law Center  
Ellen Winterbottom, Attorney at Law  
Dara Schur, Protection & Advocacy, Inc.  
Greg Spiegel, Western Center on Law and Poverty  
Dara Kovel, Mercy Charities – Housing California  
Janet Falk, Mercy Housing California  
Maya Dunne, St. Joseph Health System  
Mark A. Gordon, Public Law Center  
Christine Diemer, Christine Diemer Iger & Associates